



Florida House of Representatives

January 20, 2011

Budget Overview 2011

The Next Half Hour

- Budget requirements and process
- Historical funding
- Current year budget
- Moving forward FY 2011-12
- Examination of the FY 2011-12 base

Major Constitutional Provisions

Article III, Section 19(a)

- Requires an annual state budget and planning process, including detail reflecting the annualized and nonrecurring costs.

Article VII, Section 1(c)

- No money shall be drawn from the treasury except in pursuance of appropriation made by law.

Article VII, Section (1)(d)

- Provision shall be made by law raising sufficient revenue to defray expenses of the state for each fiscal period.

Major Constitutional Provisions (continued)

Article III, Section 19(a)(2)

- Unless approved by a three-fifths vote of the membership of each house, appropriations made for recurring purposes from nonrecurring general revenue funds for any fiscal year shall not exceed three percent of the total general revenue funds estimated to be available at the time such appropriation is made.

Article III, Section 19(c)(1)

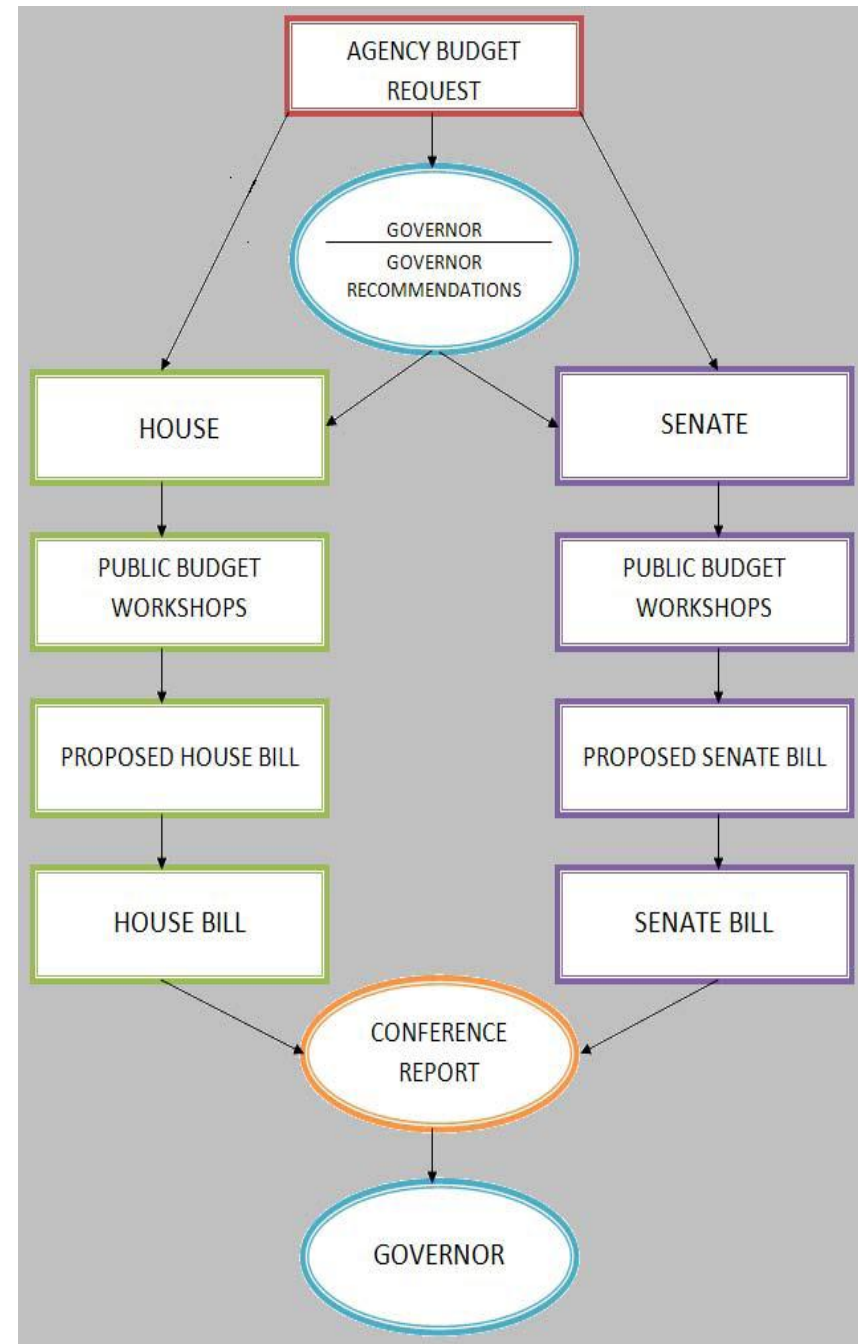
- No later than September 15 of each year, the joint legislative commission shall issue a long-range financial outlook setting out recommended fiscal strategies for the state and its departments and agencies in order to assist the legislature in making budget decisions.

Article III, Section (8), Article III, Section 19(d)

- Provides line item veto authority to the Governor – “The Governor may veto any specific appropriation in a general appropriation bill, but may not veto any qualification or restriction without also vetoing the appropriation to which it relates.”
- Authorizes Governor to veto specific appropriation in substantive bill – “Substantive bills containing appropriations...shall be subject to the governor’s specific appropriation veto power described in Article III, Section 8.”

The Appropriations Process

- ❖ On September 15th the Legislative Budget Commission issued the Long Range Financial Outlook.
- ❖ State agencies submit budget requests on October 15th of each year.
- ❖ The Governor makes his budget recommendations 30 days prior to the onset of the legislative session.
- ❖ House & Senate committees workshop the budget and each chamber passes an independent appropriations bill.
- ❖ The differences between the bills are usually resolved through a conference by members of both chambers.
- ❖ The product of the conference process is the Conference Report or the General Appropriations Act.
- ❖ The Governor has line item veto authority.
- ❖ The Governor with consensus of House & Senate execute the budget and develop the base for the next cycle



Consensus Estimating Conferences

MAJOR PROJECTIONS DEVELOPED BY CONFERENCES

Develop agreed-upon projections for certain revenues and caseload/workload data

Governor

House

Senate

Office of Economic and Demographic Research

- amount of General Revenue available for appropriations
- amount of Lottery funds available for appropriations
- number of children to be enrolled in public schools;
- number and caseload for Temporary Assistance to Needy Families;
- amount of Public Education Capital Outlay (PECO) funds;
- number of prisoners
- amount of transportation funds available for appropriations

Transparency Issues

- Budget structure provides for significant Legislative control and accountability but is complex
- Much detail, many decisions, so little time
- Practice in prior years had certain decisions during the budget conference process occurring behind closed door

Improvements in Transparency

- Publication of allocation
- Description of issues on spreadsheets
- All decisions made in public meetings
 - any funding issue
 - proviso
 - conforming and implementing bills
- Provision of final spreadsheets when the conference report is placed on the desks

Primary Funding Sources

General Revenue Fund

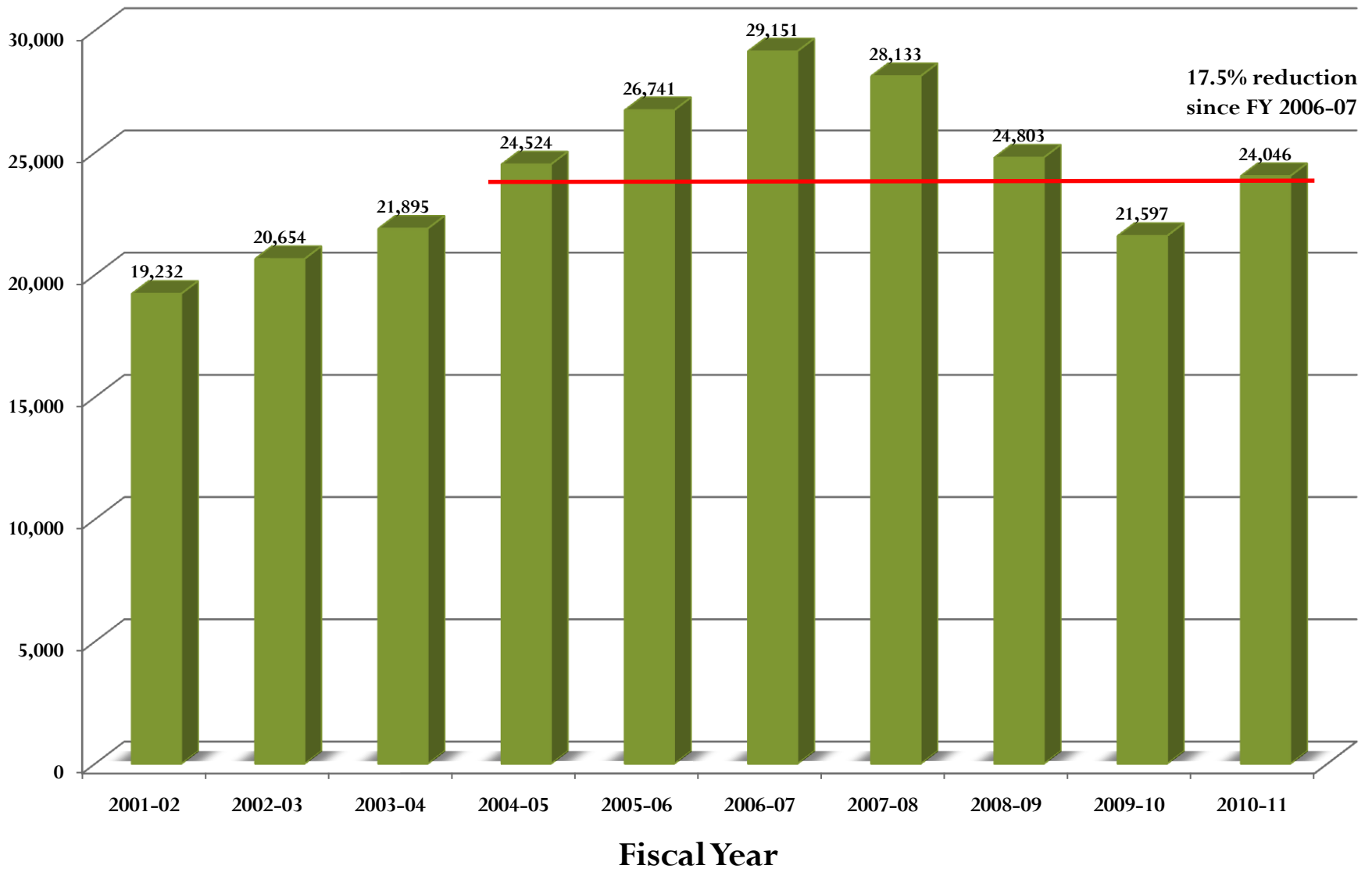
State Trust Funds

Federal Trust Funds

Appropriation Discretion

- State Tax Revenues Available to the Governor and Legislature for any use
- These are the revenues that programs compete for and the Governor and Legislature must allocate between programs
- Monies that are earmarked by law for specific purposes
- Governor and Legislature has little discretion in allocating among programs, unless the law is changed
- Monies that are provided to the State by the Federal Government
- Typically, there is almost no discretion in how these funds are spent as that is specified by the Federal Government

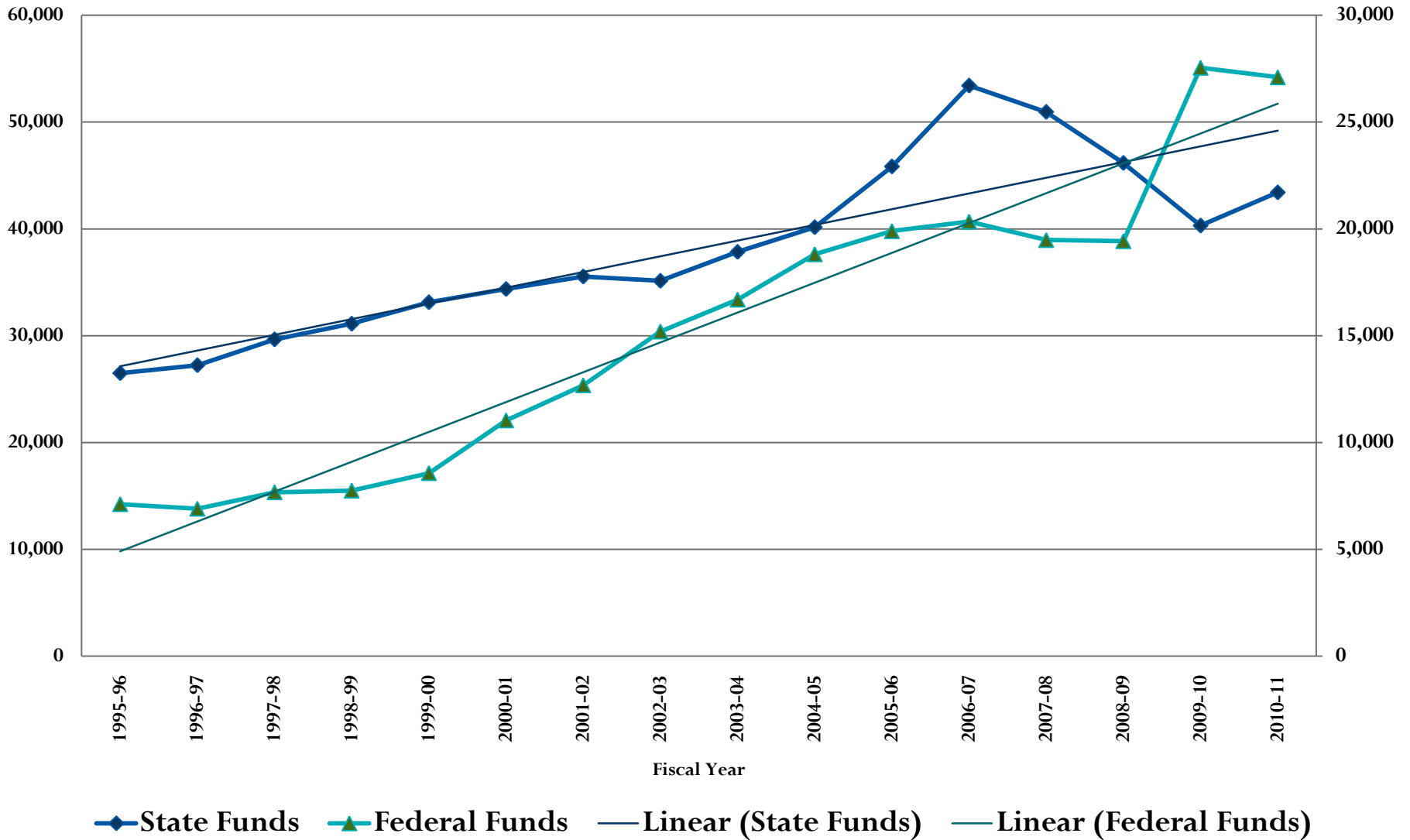
Ten Year History of General Revenue Appropriations (Millions of Dollars)



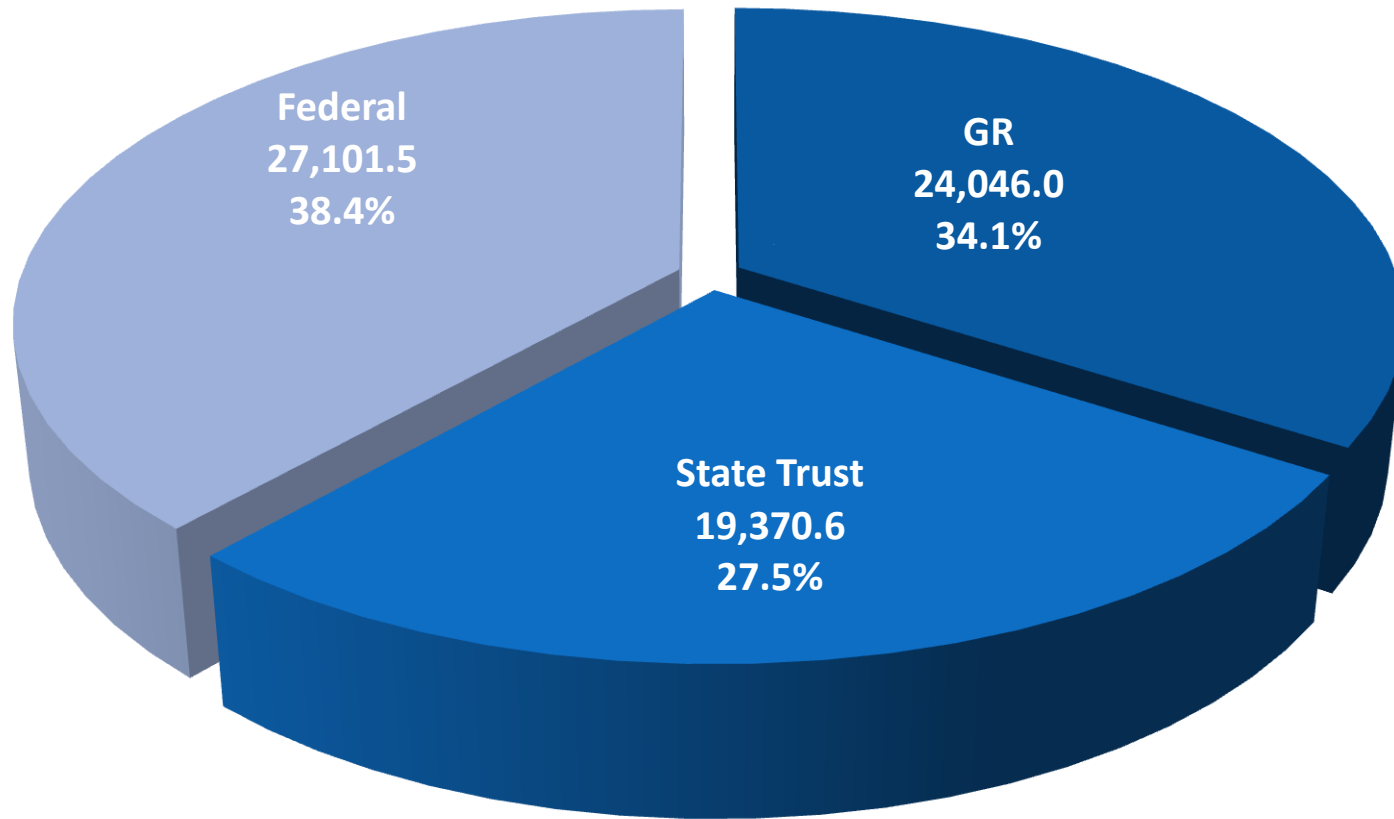
APPROPRIATIONS HISTORY

State Funds vs. Federal Funds

(Millions of Dollars)



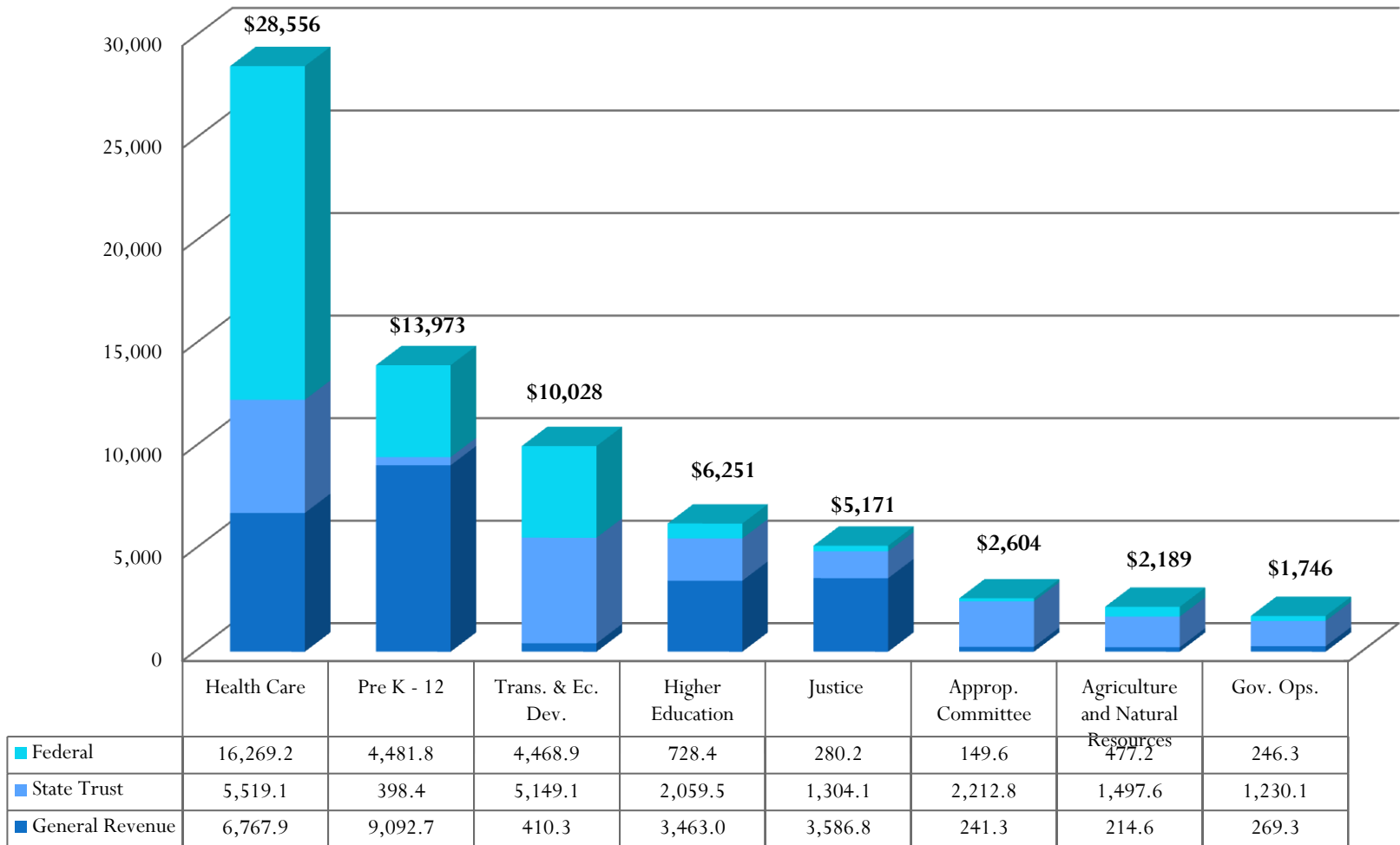
FY 2010-11 APPROPRIATIONS BY FUND TYPE
\$70.5 BILLION
(Millions of Dollars)



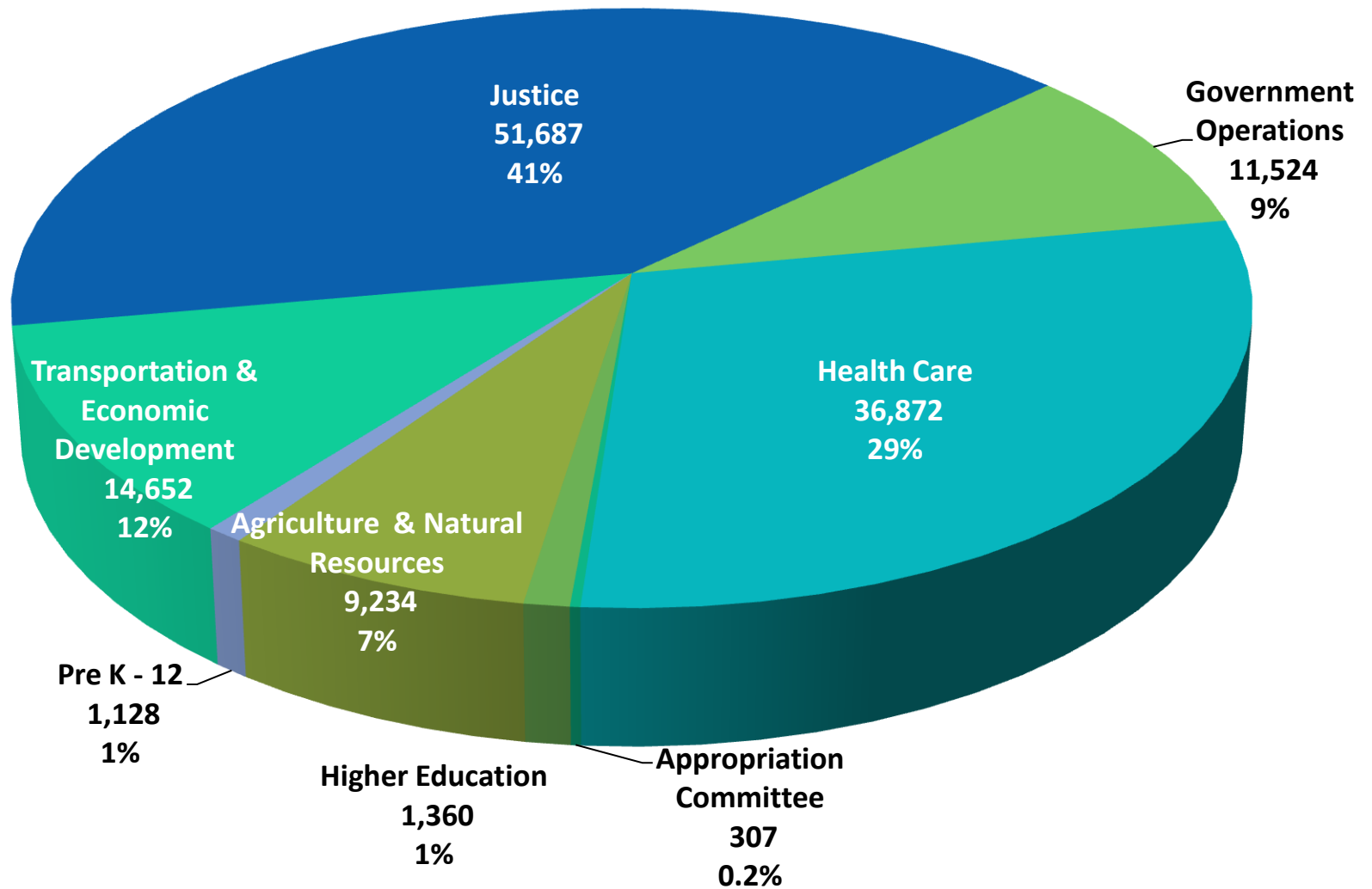
FY 2010-11 APPROPRIATIONS BY SUBCOMMITTEE BY FUNDTYPE

\$70.5 Billion

(Millions of Dollars)



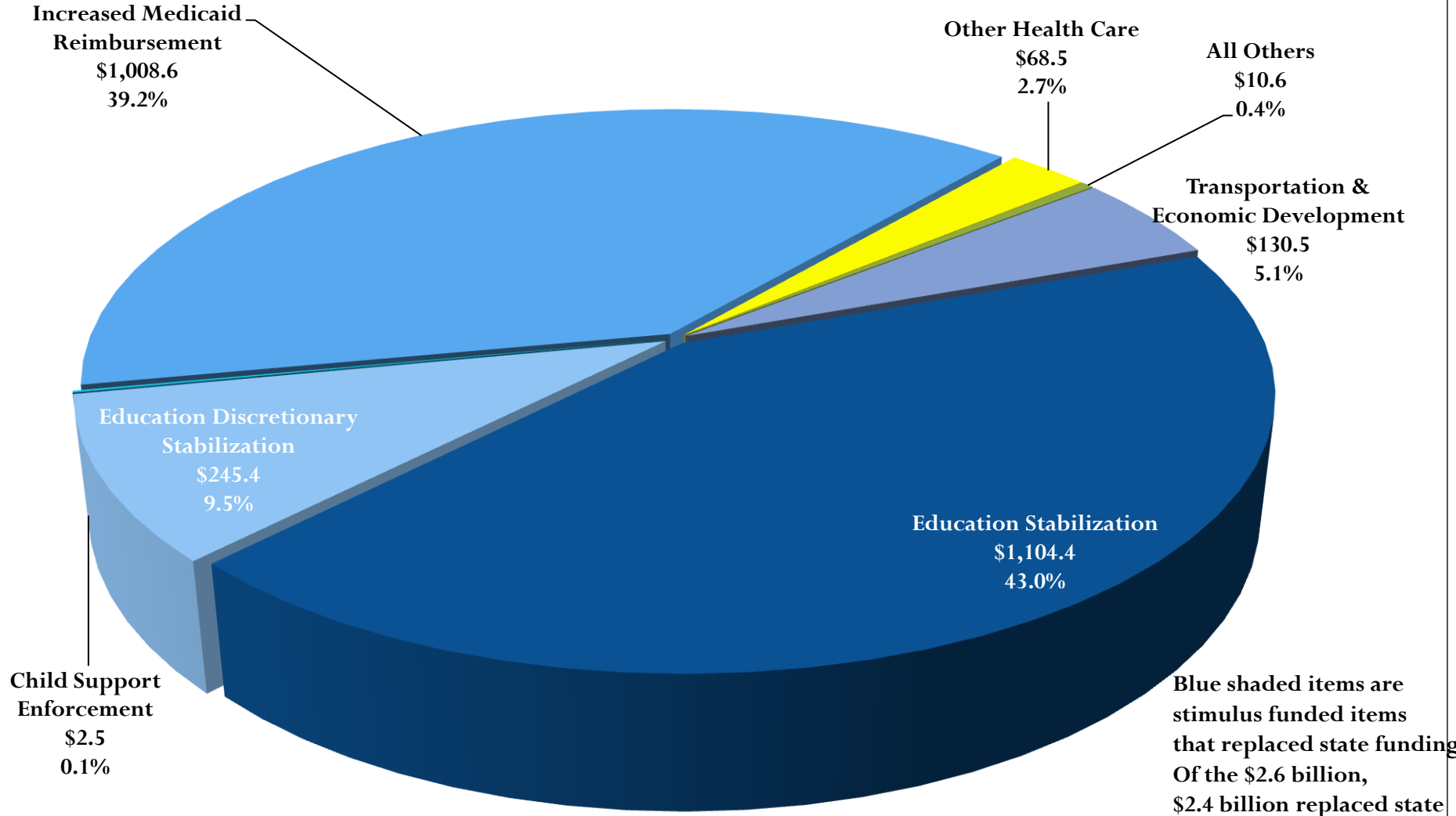
**FY 2010-11 APPROPRIATED
FULL TIME EQUIVALENT POSITIONS
126,765**



American Recovery and Reinvestment Act of 2009 (Stimulus)

FY 2010-11

\$2,570.7 Million
(Millions of Dollars)



**LONG RANGE FINANCIAL OUTLOOK
LEGISLATIVE BUDGET COMMISSION (LBC)
GENERAL REVENUE FUND
UPDATED, UNOFFICIAL -- WORK IN PROGRESS
(Millions of Dollars)**

Critical Needs		2011-12	2012-13	2013-14
1	Funds Available	25,216.0	26,422.9	28,037.0
2	Less: Expenditures	(26,044.5)	(27,437.9)	(27,922.8)
3	LBC Ending Balance With No Reserve	(828.5)	(1,015.0)	114.2
4	Reserve	(1,000.0)	(1,000.0)	(1,000.0)
5	Loss in General Revenue Forecast	(919.2)	(533.5)	(452.6)
6	Known Changes to Expenditures	(185.7)	(182.0)	(182.0)
7	Ending Balance	(2,933.4)	(2,730.5)	(1,520.4)

Critical Needs and Other High Priority Needs		2011-12	2012-13	2013-14
8	Funds Available	25,216.0	26,422.9	28,037.0
9	Less: Expenditures	(27,726.7)	(29,269.2)	(29,967.3)
10	LBC Ending Balance With No Reserve	(2,510.7)	(2,846.3)	(1,930.3)
11	Reserve	(1,000.0)	(1,000.0)	(1,000.0)
12	Loss in General Revenue Forecast	(919.2)	(533.5)	(452.6)
13	Known Changes to Expenditures	(185.7)	(182.0)	(182.0)
14	Ending Balance	(4,615.6)	(4,561.8)	(3,564.9)

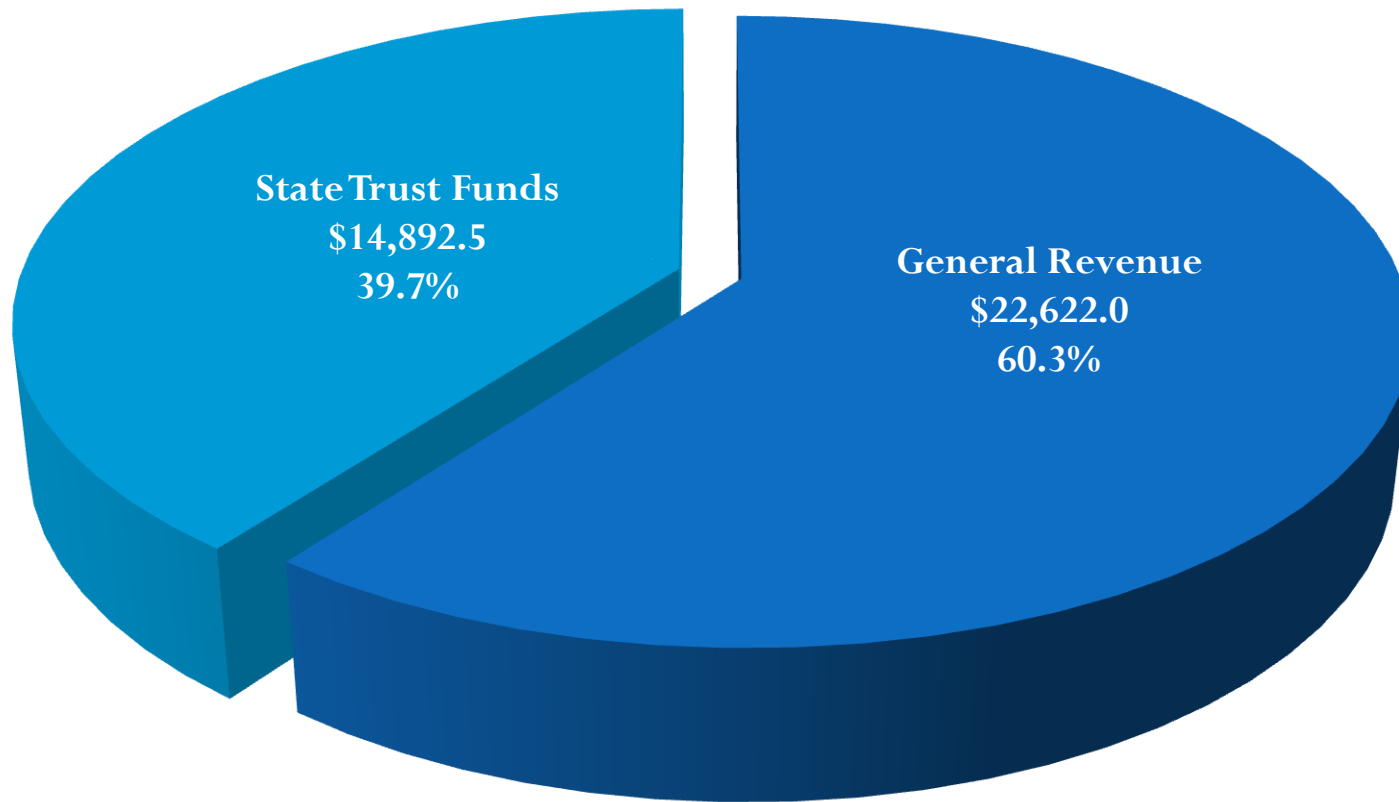
What is the base budget & why do we keep talking about it?

- Florida's approach to budgeting is incremental. Annual revisions to the budget are either increases or decreases from an agreed upon starting point .
- The net effect is the appropriation for the year budgeted.
- The base budget is this starting point. It is the budget necessary to continue the current year's appropriations decisions into the start of the next new fiscal year.

What is in/not in the base

- First, the current year budget is created through several adjustment to the General Appropriations Act (GAA) passed by the Legislature, including various adjustments.
- The base budget is then developed by adjusting the current year budget as follows:
 - The non-recurring funding is removed
 - Increases or decreases in the budget issues that were enacted for a portion of the year are annualized to reflect the funding decision for a full twelve month period
 - Interim budget amendments of a recurring nature are included
 - Technical corrections/adjustments are made

FY 2011-12 BASE BUDGET STATE FUNDS
\$37.5 BILLION
(Millions of Dollars)

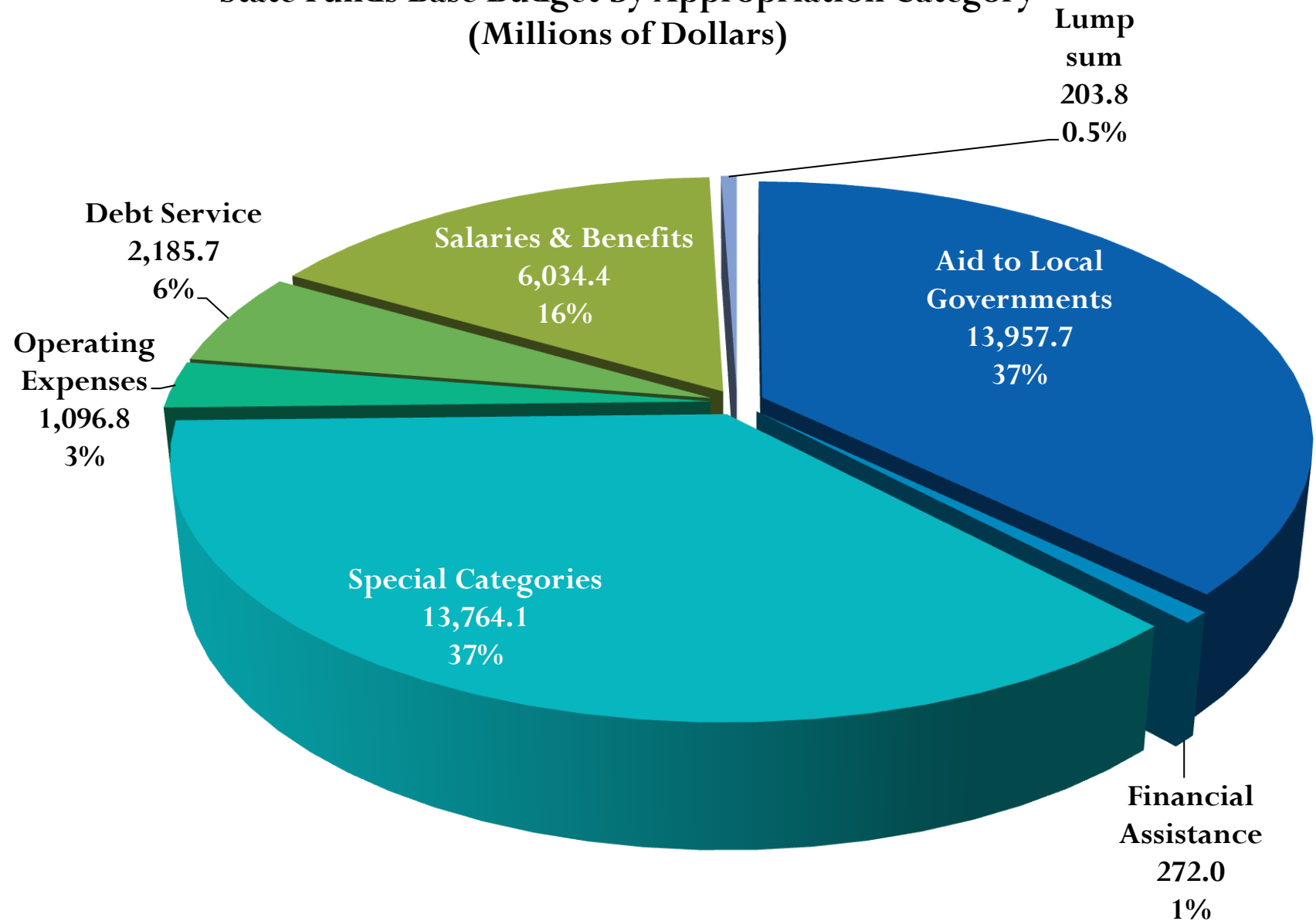


STATE FUNDS BASE BUDGET* (in millions)

	Department Title	General Revenue	State Trust Funds	All State Funds	% Of Total	Cum. % Of Total
1	Education (excluding FI Colleges Prgm & VPK see lines 8 & 17)	9,069	2,260	11,329	30.2%	30.2%
2	Agency for Health Care Administration	3,564	4,062	7,626	20.3%	50.5%
3	Universities	1,909	1,557	3,465	9.2%	59.8%
4	Corrections	2,340	45	2,385	6.4%	66.1%
5	Children & Families	1,397	189	1,586	4.2%	70.4%
6	Health	417	1,054	1,471	3.9%	74.3%
7	Justice Administration	627	551	1,177	3.1%	77.4%
8	Florida Colleges	899	127	1,025	2.7%	80.2%
9	Transportation (work program not in base)		981	981	2.6%	82.8%
10	Environment	17	804	821	2.2%	85.0%
11	Management Services	25	535	560	1.5%	86.5%
12	Juvenile Justice	407	130	537	1.4%	87.9%
13	Agency for Workforce Innovation	138	340	479	1.3%	89.2%
14	State Court System	48	385	433	1.2%	90.3%
15	Agency for Persons with Disabilities	414	3	416	1.1%	91.4%
16	Highway Safety & Motor Vehicles		374	374	1.0%	92.4%
17	Voluntary Pre-kindergarten	332		332	0.9%	93.3%
18	Financial Services	23	280	303	0.8%	94.1%
19	Revenue	182	87	269	0.7%	94.9%
20	Elder Affairs	264	1	265	0.7%	95.6%
21	Agriculture & Consumer Services	99	164	263	0.7%	96.3%
22	Fish & Wildlife Conservation Commission	28	179	207	0.6%	96.8%
23	Legislative Branch	188	2	190	0.5%	97.3%
24	Law Enforcement	89	91	180	0.5%	97.8%
25	Lottery		135	135	0.4%	98.2%
26	Legal Affairs	38	94	132	0.4%	98.5%
27	Business & Professional Regulation		131	131	0.3%	98.9%
28	Community Affairs	8	153	161	0.4%	99.3%
29	Citrus		62	62	0.2%	99.5%
30	Veteran's Affairs	13	46	59	0.2%	99.6%
31	Governor's Office (OTTED not in base)	25	33	58	0.2%	99.8%
32	State	25	8	33	0.1%	99.9%
33	Public Service Commission		28	28	0.1%	99.9%
34	Military Affairs	16	1	17	0.05%	100.0%
35	Parole Commission	8		8	0.02%	100.0%
36	Grand Total	22,608	14,892	37,500	100.0%	100.0%

*excludes \$14.5 million in administered funds

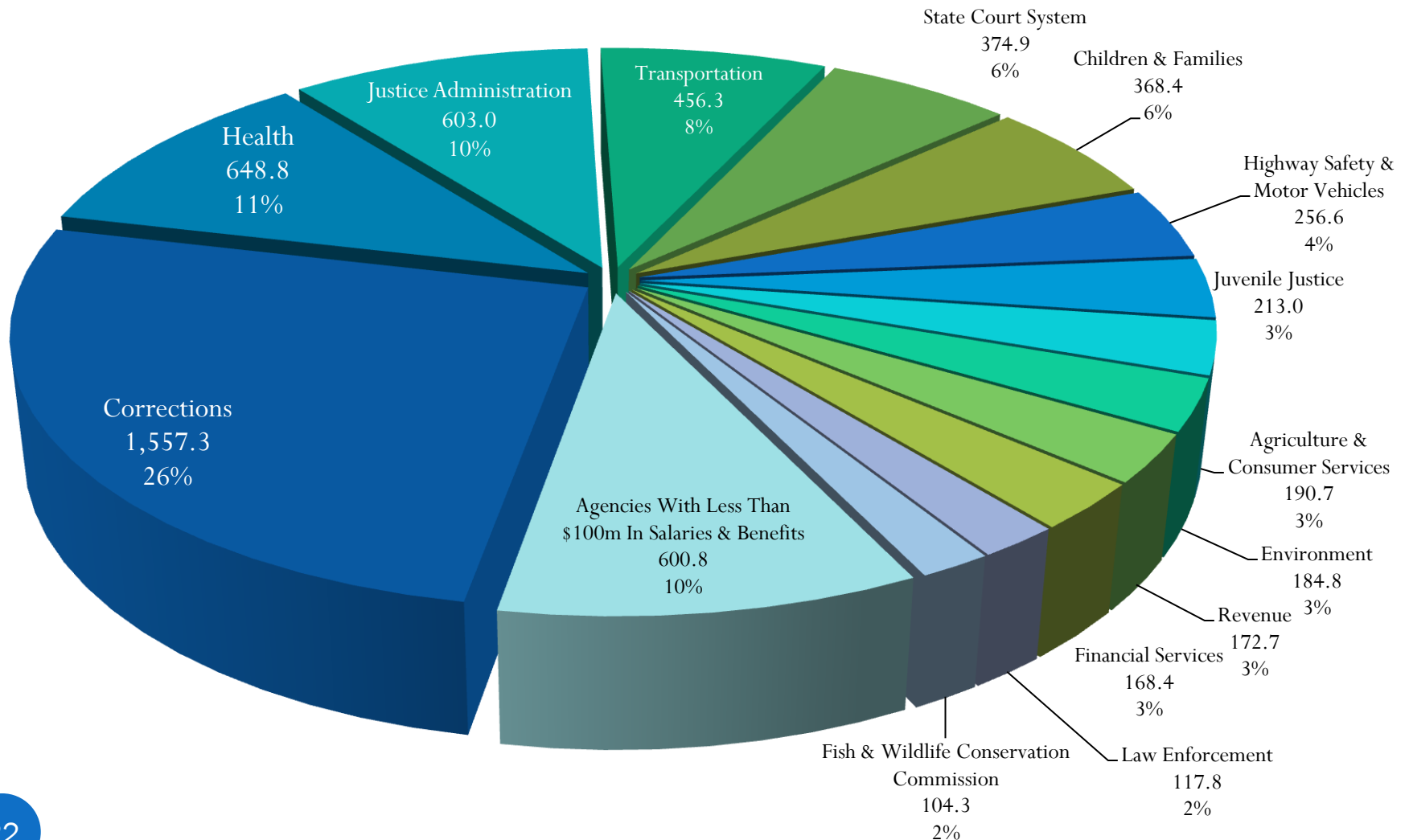
State Funds Base Budget by Appropriation Category (Millions of Dollars)



Salaries & Benefits Included in the State Funds Base Budget

FY 2011-12

(Millions of Dollars)



Fiscal Year 2011-12
Projected Contributions by Employer Group
Assuming Funding at Actuarial Normal Cost

Employer	Estimated Contribution Current Statutory Rates FY 2010-11	Projected Additional Funding Needs FY 2011-12	Projected Contribution Normal Blended Rates FY 2011-12	Percentage
School boards	\$1,332.9 million	\$39.7 million*	\$1,372.6 million	37.5%
Counties	\$1,183.8 million	\$18.2 million	\$1,202.0 million	32.9%
State	\$659.4 million	\$8.6 million*	\$667.9 million	18.2%
Participating cities/others	\$193.7 million	\$2.8 million	\$196.6 million	5.4%
Universities	\$120.9 million	\$4.0 million*	\$124.9 million	3.4%
Florida colleges	\$92.6 million	\$2.5 million*	\$95.1 million	2.6%
Total	\$3,583.2 million	\$54.8 million	\$3,659.1 million	100.0%

* The State typically provides the additional funding needs for these entities. For FY 2011-2012, the total funding need for the State is \$50.7 million in GR and \$4.1 million in TE.